



The Manager Companies  
Company Announcements Office  
ASX Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## HALF YEAR RESULT – 31 DECEMBER 2013

The company recorded a strong 24% increase in revenue to circa \$44 million for the six months to 31 December 2013 as a result of focus on initial penetration into a number of new key retail customers. After tax profit of \$665,000 was slightly ahead of the previous corresponding period.

The company-wide restructure and cost out exercises implemented in the second half of the 2013 financial year resulted in a reduction of operating expenses from 24% of revenue to 20% of revenue for the current reporting period, however margins were negatively impacted predominantly due to the weak Australian dollar.

The significant increase in top line growth has required a greater investment in working capital of approximately \$6 million, funded by an increase in bank borrowings.

In addition to both organic and acquisitive growth, focus for the second half of the current financial year will be on margin improvement and improvements in working capital investment ratios.

Alexander Beard  
Chairman  
02 9087 8000

**Cellnet Group Limited**  
and its controlled entities

**ABN: 97 010 721 749**

**Half-Year Financial Report**  
**Period Ended 31 December 2013**

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	<b>Section</b>
<b>Appendix 4D</b>	<b>A</b>
<b>Financial Report</b>	<b>B</b>

## Section A

### Appendix 4D HALF YEAR REPORT Statutory Results

<b>Name of Entity</b>	Cellnet Group Limited
<b>ABN</b>	97 010 721 749
<b>Reporting Period</b>	Half-year ended 31 December 2013
<b>Previous Corresponding Period</b>	Half-year ended 31 December 2012

This information presented should be read in conjunction with the 30 June 2013 financial report.

#### Results for announcement to the market

	<b>Reporting Period</b>	<b>Previous Corresponding Period</b>	<b>% Change Increase / (Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Revenue from continuing operations	43,711	35,331	23.72
Revenue from discontinued operations	-	528	(100.00)
Revenues from ordinary activities	43,711	35,859	29.88
Profit from ordinary activities before one off redundancy costs after tax	N/A	664	-
Profit from ordinary activities after tax attributable to members	450	549	(18.03)
Net Profit for the period attributable to members	450	549	(18.03)

For commentary on the results refer to the Directors' Report which forms part of the Half Year Report.

	<b>Reporting Period</b>	<b>Previous Corresponding Period</b>
Final Dividend	-	-
Amount per security	N/A	N/A
Franked amount per security	N/A	N/A
Record Date	N / A	N / A
Special Dividend	-	-
Amount per security	N/A	N/A
Franked amount per security	N/A	N/A

Record Date	N/A	N/A
Interim Dividends	-	-
Amount per Security	N/A	N/A
Franked Amount per Security	N/A	N/A
Record Date	N/A	N/A

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### **NTA Backing**

Net tangible assets backing per share	22.5¢	21.5¢
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### **Additional Appendix 4D Disclosure Requirements**

During the half year ended 31 December 2013 Regadget Pty Ltd has become a fully owned subsidiary Cellnet Group Limited.

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### **Financial Information**

This Appendix 4D should be read in conjunction with the Half Year Report for the half year ended 31 December 2013 as set out on pages 4 to 22.

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### **Compliance Statement**

This report is based on accounts that have been reviewed. The review report, which was not subject to audit dispute or qualification, is included in the interim financial report.

## **Section B**

# **Cellnet Group Limited and its controlled entities Half-Year Financial Report**

**Condensed Financial Report  
for the Half-Year Ended  
31 December 2013**

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**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Corporate Information**

**ABN 97 010 721 749**

**Directors**

A. Beard (Chairman)  
M. Brookman  
E. Kaplan

**Company Secretary**

C. Barnes

**Principal Registered Office**

Cellnet Group Limited  
59-61 Qantas Drive  
Eagle Farm QLD 4009  
Phone: 1300 CELLNET  
Fax: 1800 CELLNET

**Banker**

Westpac Banking Corporation  
260 Queen Street  
Brisbane QLD 4000

**Auditor**

Pitcher Partners  
345 Queen Street  
Brisbane QLD 4000  
Phone: 07 3222 8444

**Share Registrar**

Link Market Services Ltd  
Level 15 ANZ Building  
324 Queen Street, Brisbane QLD 4000  
Phone: 1300 554 474

**Stock Exchange**

The Company is listed on the Australian Securities Exchange. The home exchange is Brisbane.

## **Cellnet Group Limited and its controlled entities Half-Year Financial Report**

### **Directors' Report**

Your Directors submit their report for the half-year ended 31 December 2013.

#### **Directors**

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

A. Beard (Chairman)  
M. Brookman  
E. Kaplan

#### **Principal activities**

The principal activities of the consolidated entity are:

Wholesale distribution of flash memory, mobile phone accessories and CE equipment and accessories, and fulfilment services to the mobile telecommunications and retail industries in Australia and New Zealand.

#### **Review and results of operations**

The company recorded a strong 24% increase in revenue to circa \$44 million for the six months to 31 December 2013 as a result of focus on initial penetration into a number of new key retail customers. After tax profit of \$665,000 was slightly ahead of the previous corresponding period.

The company-wide restructure and cost out exercises implemented in the second half of the 2013 financial year resulted in a reduction of operating expenses from 24% of revenue to 20% of revenue for the current reporting period, however margins were negatively impacted predominantly due to the weak Australian dollar.

The significant increase in top line growth has required a greater investment in working capital of approximately \$6 million, funded by an increase in bank borrowings.

In addition to both organic and acquisitive growth, focus for the second half of the current financial year will be on margin improvement and improvements in working capital investment ratios.

#### **Dividends**

No dividends were declared or paid in the six months ending 31 December 2013.

#### **Rounding**

The consolidated entity is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission. Amounts in the financial report and Directors' report have been rounded off to the nearest \$1,000 unless otherwise stated.



**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Directors' Report (Continued)**

**Auditor's Independence Declaration**

Attached is a copy of the Auditors Independence Declaration provided under Section 307C of the *Corporations Act 2001* in relation to the review of the half year ended 31 December 2013. This Auditors Independence Declaration forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



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A. Beard  
Director  
Sydney  
14 February 2014

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**



**PITCHER PARTNERS**  
ACCOUNTANTS • AUDITORS • ADVISORS

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NIGEL FISCHER  
TERESA HOOPER  
MARK NICHOLSON  
PETER CAMENZULI  
JASON EVANS  
CHRIS BALL  
IAN JONES  
KYLIE LAMPRECHT  
NORMAN THURECHT  
BRETT HEADRICK  
WARWICK FACE  
NIGEL BATTERS

**Auditor's Independence Declaration**

As lead auditor for the audit of Cellnet Group Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cellnet Group Limited and the entities it controlled during the period.

PITCHER PARTNERS

JASON EVANS  
Partner

Brisbane, Queensland  
14 February 2014

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Interim consolidated statement of  
comprehensive income  
For the six months ended 31 December 2013**

	Note	Consolidated	
		31 Dec 2013 \$'000	31 Dec Restated* 2012 \$'000
<b>Continuing operations</b>			
Sales of goods		42,145	34,151
Rendering of services		1,566	1,148
<b>Revenue</b>		<b>43,711</b>	<b>35,299</b>
Other income		68	286
Materials, packaging and consumables used		(38,640)	(30,811)
Changes in inventories of finished goods and work in progress		4,307	4,531
Depreciation and amortisation expense		(219)	(188)
Employee benefit expense		(4,922)	(4,952)
Finance costs		(139)	(58)
Freight expense		(2,065)	(1,658)
Occupancy expense		(736)	(737)
Other expense		(990)	(1,034)
Net redundancy costs		-	(115)
<b>Operating profit</b>		<b>375</b>	<b>563</b>
<b>Profit from continuing operations before income tax</b>		<b>375</b>	<b>563</b>
Income tax (expense) / benefit	6	75	-
<b>Profit from continuing operations after income tax</b>		<b>450</b>	<b>563</b>
<b>Discontinued operations</b>			
Loss from discontinued operations after income tax	5	-	(14)
<b>Profit for the period</b>		<b>450</b>	<b>549</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation		215	(12)
<b>Total comprehensive income for the period</b>		<b>665</b>	<b>537</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent</b>			
Basic earnings per share		0.80¢	1.0¢
Diluted earnings per share		0.80¢	1.0¢
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent</b>			
Basic earnings per share		0.80¢	1.0¢
Diluted earnings per share		0.80¢	1.0¢

\* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in Note 2.

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Interim consolidated statement of financial  
position**

**As at 31 December 2013**

	Note	Consolidated	
		31 Dec 2013 \$000	30 Jun 2013 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,756	2,141
Trade and other receivables		15,888	11,932
Inventories	8	15,641	8,991
Income tax receivable		-	4
<b>Total current assets</b>		<b>34,285</b>	<b>23,068</b>
<b>Non-current assets</b>			
Property, plant and equipment		713	858
Deferred tax assets		2,930	2,855
Intangible assets		150	150
<b>Total non-current assets</b>		<b>3,793</b>	<b>3,863</b>
<b>TOTAL ASSETS</b>		<b>38,078</b>	<b>26,931</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		15,404	10,592
Provisions		603	636
Interest-bearing loans and borrowings	11	6,171	474
<b>Total current liabilities</b>		<b>22,178</b>	<b>11,702</b>
<b>Non-current liabilities</b>			
Provisions		243	237
<b>Total non-current liabilities</b>		<b>243</b>	<b>237</b>
<b>TOTAL LIABILITIES</b>		<b>22,421</b>	<b>11,939</b>
<b>NET ASSETS</b>		<b>15,657</b>	<b>14,992</b>
<b>EQUITY</b>			
Issued capital		31,699	31,699
Reserves		709	494
Accumulated losses		(16,751)	(17,201)
<b>TOTAL EQUITY</b>		<b>15,657</b>	<b>14,992</b>

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Interim consolidated statement of  
changes in equity**

For the six months ended 31 December 2013

	Note					
	Share capital \$000	Reserve for own shares \$000	Foreign currency translation reserve \$000	Share based payment reserve \$000	Accumulated losses \$000	Total Equity \$000
At 1 July 2013	31,699	(25)	(57)	576	(17,201)	14,992
Profit for the period	-	-	-	-	450	450
Foreign currency translation	-	-	215	-	-	215
Total comprehensive income for the half year	-	-	215	-	450	665
<i>Transactions with owners in their capacity as owners</i>						
Share-based payments	-	-	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>31,699</b>	<b>(25)</b>	<b>158</b>	<b>576</b>	<b>(16,751)</b>	<b>15,657</b>
At 1 July 2012	31,699	(25)	(3)	780	(18,163)	14,288
Profit for the period	-	-	-	-	549	549
Foreign currency translation	-	-	(12)	-	-	(12)
Total comprehensive income for the half year	-	-	(12)	-	549	537
<i>Transactions with owners in their capacity as owners</i>						
Share-based payments	-	-	-	(203)	(9)	(212)
<b>Balance at 31 December 2012</b>	<b>31,699</b>	<b>(25)</b>	<b>(15)</b>	<b>577</b>	<b>(17,623)</b>	<b>14,613</b>

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Interim consolidated statement of cash flows**

For the six months ended 31 December 2013

	Note	Consolidated	
		31 Dec 2013 \$000	31 Dec 2012 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		44,037	34,731
Payments to suppliers and employees (inclusive of GST)		(48,920)	(36,361)
Interest paid		(86)	8
<b>Net cash flows used in operating activities</b>		<b>(4,969)</b>	<b>(1,622)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		1	-
Purchase of property, plant and equipment		(75)	(14)
Interest received		7	32
Payment for contingent consideration of business combination		(66)	-
Net inflow from sale of discontinued operation, net of cash disposed	5	-	38
<b>Net cash flows from / (used in) investing activities</b>		<b>(133)</b>	<b>56</b>
<b>Financing activities</b>			
Proceeds from borrowings		9,054	-
Repayment of borrowings		(3,460)	-
<b>Net cash flows from financing activities</b>		<b>5,594</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents		492	(1,566)
Cash and cash equivalents at beginning of period		2,141	4,808
Net foreign exchange differences		123	(5)
<b>Cash and cash equivalents at end of period</b>	7	<b>2,756</b>	<b>3,237</b>

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Notes to the Financial Statement**  
**For the six months ended 31 December 2013**

**1. Corporate Information**

Cellnet Group Limited (the "Company") is a company domiciled in Australia whose shares are publicly traded. The interim condensed consolidated financial statements of the Company as at and for the half-year ended 31 December 2013 comprise the results of the Company and its subsidiaries (together referred to as the "consolidated entity").

The interim condensed consolidated financial statements of the consolidated entity for the six months ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 14 February 2014.

The interim condensed consolidated financial statements of the consolidated entity as at and for the half-year ended 31 December 2013 are available upon request from the Company's registered office at 59-61 Qantas Drive, Eagle Farm QLD 4009 or at [www.cellnet.com.au](http://www.cellnet.com.au).

**2. Basis of preparation and changes to the consolidated entity's accounting policies**

**Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent as those adopted in the Group's annual report for the year ended 30 June 2013, except for the adoption of new standards and interpretations as of 1 July 2013 as disclosed in the 30 June 2013 financial statements and noted below:

AASB 10 Consolidated Financial Statements  
AASB 13 Fair Value Measurement  
AASB 119 Employee Benefits

The adoption of the above accounting standards had no material impact on the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Change in basis of preparation**

During the six months ended 31 December 2013 the Directors have undertaken a review of the presentation of the consolidated entity's financial statements. As part of this review it was noted that the presentation of cost of goods sold, as required when presenting items in the statement of comprehensive income by function, does not provide meaningful information to users of the financial report as the resultant gross profit measure is not a true reflection of the costs involved in the sale process of a distribution business. It is viewed that the presentation of the statement of comprehensive income by nature will provide more relevant information to the users of the financial report. Accordingly, all expenditure items in the consolidated statement of comprehensive income have been reclassified according to their nature in both the current and comparative period.

In addition to the above, the Group has also reclassified the comparative period rebates from cost of sales to revenue, and freight revenue from cost of sales to revenue from the rendering of services.

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**

**3. Seasonality of operations**

The consolidated entity's balance sheet is impacted by seasonality in sales. December trade balances are generally expected to be higher than those as at the previous financial year end due to greater sales activity around calendar year end. Users of the interim consolidated financial report may therefore benefit from reading this report in conjunction with the interim consolidated financial report for the half-year ended 31 December 2012.

**4. Operating segment information**

**Identification of reportable segments**

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the General Manager (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which products are sold, whether direct to a retail customer or via on-line sales. Discrete financial information about each of these operating segments is reported to the General Manager at least on a monthly basis. However, for the six months to 31 December 2013 the consolidated entity's activities relate solely to retail sales as the Board announced on 8 June 2012 that it planned to exit from the online segment. The online segment previously reported was classified as a discontinued operation at 31 December 2012 and is disclosed in note 5.



**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**

**5. Discontinued operation**

The company advised on the 8 June 2012 that it planned to exit the on-line business segment.

As at 31 December 2012, the company completed the sale of OYT Pty Ltd and Buyii Pty Ltd for \$95,000 in cash. The net cash flows of \$38,000 generated by the sale are in the Interim consolidated statement of cash flows as part of the cash flows from investing activities.

Results of the discontinued operation for the period are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2013 \$000</b>	<b>31 Dec 2012 \$000</b>
Results of discontinued operation		
Revenue	-	509
Expenses	-	(542)
Gross loss	-	(33)
Gain on disposal of discontinued operation	-	19
Loss for the period from discontinued operations	-	<b>(14)</b>
Cash inflow on sale		
Consideration received	-	95
Net cash disposed of with the discontinued operation	-	(57)
Net cash inflow	-	<b>38</b>
Cash flows from discontinued operation		
Net cash from operating activities	-	12
Net cash from (used in) discontinued operation	-	<b>12</b>
Earnings per share:		
Basic, loss for the year, from discontinued operation	-	0.0¢
Diluted, loss for the year from discontinued operation	-	0.0¢

**6. Income tax benefit**

Numerical reconciliation of income tax benefit to prima facie tax payable:

Profit before income tax benefit / (expense)	375	563
Prima facie tax benefit / (expense) at the Australian tax rate of 30%	(113)	(169)
<b>Tax effect of adjustments</b>		
Non-deductible expenditure	(10)	(12)
Difference in New Zealand tax rate (28%)	10	9
Previously unrecognised tax losses utilised	113	172
Deferred tax (timing differences) recognised	75	-
<b>Income tax benefit / (expense)</b>	<b>75</b>	<b>-</b>

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**

**7. Cash and cash equivalents**

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	Dec 2013 \$000	June 2013 \$000
Cash at bank and in hand	2,427	1,791
Funds held by bank	329	350
<b>Total cash and cash equivalent deposits</b>	<b>2,756</b>	<b>2,141</b>

**8. Inventories**

	Consolidated	
	Dec 2013 \$000	June 2013 \$000
Raw materials and stores	2,935	592
Work in progress	10	25
Finished goods	12,696	8,374
	<b>15,641</b>	<b>8,991</b>

During the six months ended 31 December 2013 the consolidated entity recognised a write-down of inventory of \$604,000 (2012: \$532,000) which related to reductions in value required as a result of the company's inventory obsolescence policy. This expense is included in changes in inventories of finished goods and work in progress in the interim consolidated statement of comprehensive income.

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**

**9. Commitments and contingencies**

Contingencies

Recovery of an alleged outstanding debt relating to a freight consultancy agreement from 2006 was commenced against the company in May 2013. Since that date the company has vigorously defended the claim and will pursue recovery of all costs associated with this action.

**10. Related party transaction**

The following table provides the total amount of transactions which have been entered into with related parties during the six month periods ending 31 December 2013 and 31 December 2012.

		<b>Sales to related parties</b>	<b>Services from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Entity with significant influence over the consolidated entity:</b>					
CVC Ltd	2013	-	52	-	(a) 605
	2012	-	108	-	-

(a) A short-term cash loan was extended to the Group by related entity CVC Ltd. The terms of this arrangement are outlined in note 11.

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**

**11. Interest bearing loans and borrowings**

	Interest Rate %	Maturity	Dec 2013 \$000	June 2013 \$000
Business Finance	2.31	6 January 2014	1,850	-
	5.52	10 January 2014 17 January 2014	478 1,593	- -
	5.53	6 January 2014 10 January 2014	384 38	- -
	5.55	6 January 2014 10 January 2014	668 555	- -
	5.76	2 August 2013	-	474
Short term loan	12.00	7 February 2014	605	-
			<b>6,171</b>	<b>474</b>

**Westpac business finance**

This facility consists of four individual facilities, namely forward exchange contract, surrendered bills of lading, trade finance-imports and special documentary import letters of credit. The combined limit of \$5,500,000 applies across these individual facilities. As at 31 December 2013, the company has fully utilised this limit for its trade finance – imports facility. This facility is a perpetual facility and has no fixed expiry date, although individual trade finance draw downs under the facility as at balance date mature on the dates disclosed above. The facility limit has been reduced to \$5,000,000 subsequent to balance date. The facility is secured by a charge over all existing and future assets and undertakings of the Group.

**Short term loan**

On 12 December 2013, a short term loan of \$800,000 was granted by CVC Limited, an entity with a significant interest in the consolidated entity. \$200,000 was repaid at 24 December 2013. The remaining outstanding principal of \$600,000, plus capitalised interest, matures on 7 February 2014.

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**

**Directors' declaration**

In accordance with a resolution of the Directors of Cellnet Group Limited, I state that:

In the opinion of the Directors:

1. the financial statements and notes of the consolidated entity for the half year ended 31 December 2013 are in accordance with the *Corporations Act 2001* including:
  - (a) giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



---

A. Beard  
Director  
Sydney  
14 February 2014

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**

**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**



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NIGEL BATTERS

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Members of Cellnet Group Limited,

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Cellnet Group Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cellnet Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

**Cellnet Group Limited and its controlled entities  
Half-Year Financial Report**



**Notes to the Financial Statement (continued)  
For the six months ended 31 December 2013**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cellnet Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PITCHER PARTNERS

JJ EVANS  
Partner

Brisbane, Queensland  
14 February 2014